

The complaint

Mr C complains because Legal and General Assurance Society Limited ('L&G') hasn't paid his claim under an income protection insurance policy.

What happened

Mr C is insured under a group income protection insurance policy provided by his employer and underwritten by L&G.

Mr C made a claim under the policy because he was absent from work due to sickness. L&G said the claim wasn't covered because Mr C's absence was triggered by work-related issues and this wasn't covered by the policy. Mr C appealed, providing a report from a Consultant Clinical Psychologist dated 11 July 2024. L&G considered the report but maintained its stance that Mr C was suffering from work-related stress rather than a mental health condition which precluded him from working entirely.

Unhappy, Mr C brought his complaint to the attention of our Service. One of our Investigators looked into what had happened and said she didn't think L&G had acted unfairly or unreasonably by declining Mr C's claim. However, our Investigator didn't think L&G had handled the claim as it should have, so recommended that it pay Mr C £150 compensation for the distress and inconvenience he experienced as a result.

Mr C didn't agree with our Investigator's opinion. As no resolution was reached, the complaint has now been referred to me to make a decision as the final stage in our process.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When making this final decision I can only comment on L&G and the regulated activities which it is responsible for. This includes the decision to decline Mr C's claim, and L&G's handling of the claim.

This is a group insurance policy, which means the contract is between Mr C's employer and L&G. Mr C himself isn't a party to the contract and L&G had no obligation to provide information about the policy (or about any of its limitations) directly to Mr C. I can't comment on the actions of Mr C's employer, and that includes any delay by the employer in contacting either Mr C or L&G about this claim and/or in failing to provide information or documentation about the policy to Mr C. If Mr C is unhappy with his employer's actions, then he'd need to raise this with them directly. I have no power to look into employment disputes.

L&G's decision to decline Mr C's claim

Industry rules set out by the regulator say an insurer shouldn't unreasonably reject a claim. I've taken these rules, alongside other relevant considerations, into account when making my final decision. The Association of British Insurer's Code of Practice which Mr C has

quoted doesn't apply to these circumstances, so it isn't something I've referred to.

I'm not a medical expert, so it's not my role to reach my own conclusions about Mr C's medical condition. Instead, I've weighed up the available medical evidence to decide whether, on the balance of probabilities, I think L&G acted unfairly and unreasonably when turning down Mr C's claim.

This policy pays a benefit if Mr C met the policy definition of incapacity throughout, and beyond, the relevant deferred period from the date of his first absence from work. So, in order for a claim to be successful, Mr C needs to provide evidence to show that he is:

'incapacitated by illness or injury that prevents him from performing the essential duties of his occupation'.

This means, in order for a benefit to be paid, L&G must be satisfied that Mr C is suffering from an illness which prevents him from carrying out his occupation for any employer in any workplace. A member doesn't meet this definition of incapacity if they are unable to carry out their particular job role for their particular employer only.

It's not in dispute that Mr C is unwell and I'm sorry to hear about everything he has been through. However, an income protection insurance claim isn't payable in all circumstances and acceptance onto a scheme provided via an employer doesn't automatically mean that a subsequent claim is guaranteed to be paid. It's for Mr C to demonstrate that he has a valid claim under the policy. While I'd expect L&G to provide Mr C with reasonable guidance to help him make a claim, I don't think this extends to giving him advice on what evidence he needs to provide.

Regardless of whether there is a specific exclusion in the policy terms and conditions relating to this, I wouldn't generally expect an income protection insurance policy to pay a benefit for absence from work which is solely caused by situational stress. This is because workplace difficulties with an employer which mean a person is unable to do their own job isn't the same as a member being unable to perform their occupation due to illness more generally. Situational stress in the workplace is unlikely to affect an employee who is carrying out the same role with a different employer. If issues causing situational stress can be resolved between an employer and an employee then the employee is likely to be able to return to work and I wouldn't generally expect an income protection insurer to pay a claim arising from any failure by an employer to adhere to its own duties of care to its employees. Based on my knowledge and experience of dealing with complaints involving similar circumstances, I don't think L&G's stance in refusing to cover claims caused by work-related stress is unusual.

'Statements of Fitness for Work' from a GP are, alone, not usually sufficient evidence to demonstrate that a person is unable to perform their own occupation. Although such certificates do carry evidential weight, they usually contain limited information and are based on self-reported symptoms. And the threshold for a GP to issue such certificates is not necessarily the same as the policy requirements for an income protection insurance claim to be paid.

L&G arranged for a telephone consultation between Mr C and a Vocational Clinical Specialist, who subsequently prepared a report. This is fairly common practice and the fact that a Vocational Clinical Specialist may not be medically qualified doesn't mean such an interview is unreasonable. I've carefully considered what Mr C has said about some of his interview comments being significantly misrepresented, and that L&G subsequently accepted Mr C was unfit for work. However, I don't think it's unfair to take into account the report's overall conclusion that Mr C's absence from work stemmed from his *'highly stressful*

work environment'.

Mr C has provided a report from a Consultant Clinical Psychologist, which I've thought about carefully. This says Mr C is:

'suffering from a chronic adjustment disorder with mixed anxiety and depressed mood ... of sufficient severity to make it impossible for him to work effectively in this role or any other role for this employer or any other employer.'

While I accept this is persuasive medical evidence that Mr C is affected by recognised mental health conditions which impact his ability to carry on his occupation, the report goes on to say:

'It is also my opinion that his adjustment disorder has been directly caused by his experiences at work in that he did not previously have such a problem and there are no other factors I am aware of that could have caused or made a significant contribution to this problem.'

...

'I am of the opinion that [he] will begin to recover and ultimately achieve a full recovery once he can be assured that there is a significant and sustained improvement in his work situation.'

I've also taken into account comments which L&G has provided from its Chief Medical Officer. These are that:

'courses of psychological therapy and prescribed medication are reported to have had limited benefit for his symptoms. A favourable response would typically be expected for most individuals where the therapy is clinically indicated: the lack of response aligns with the absence being perpetuated by non-medical factors.'

Overall, and having also taken into account the available Occupational Health reports, it doesn't seem to be in dispute that Mr C's mental health conditions, and therefore his absence from work, have been caused by work-related stress rather than by any underlying or more general mental health condition(s).

I don't think the medical evidence demonstrates it's more likely than not that Mr C met the policy definition of incapacity throughout the policy's deferred period and beyond. This means I don't think Mr C has demonstrated that he has a valid claim which L&G ought to have paid. So, I don't think L&G acted unfairly or unreasonably by turning down Mr C's claim.

I note Mr C was subsequently assessed for symptoms including chest pain and breathlessness, but I haven't seen any medical evidence which would suggest it's likely this means Mr C met the policy definition of incapacity either.

Mr C has mentioned obtaining further medical evidence. Our Service has no power to comment on evidence unless the business involved has been given the opportunity to consider it first. So, if Mr C does obtain further evidence, he would need to present this to L&G for it to review in the first instance.

I'm sorry to disappoint Mr C, but in making an independent and impartial decision, I must reach an outcome which is fair and reasonable to both parties to the complaint. For the reasons I've explained, I won't be directing L&G to pay this claim.

L&G's handling of Mr C's claim

Industry rules say insurers must handle claims fairly and must provide information to customers which is clear and fair.

An insurer is entitled to carry out reasonable investigations into a claim, and this can often include asking for GP records. However, an insurer isn't obliged to ask for a policyholder's medical history, and it would in fact be unreasonable for it to do so if this wasn't necessary.

I can understand why, based on the content of Mr C's member's statement, L&G didn't think it was necessary to obtain GP records in this case and I don't think it was unreasonable for it to base its initial claims decision on the medical information which was available to it at the time. I'm not satisfied that L&G obtaining Mr C's medical records is likely to have led to any different claim outcome in this case. L&G subsequently gave Mr C the opportunity to provide additional medical evidence, as I'd have expected it to, and did then go on to consider the Consultant Clinical Psychologists' report when reviewing Mr C's appeal of its initial decision.

The fact that the evidence which L&G based its decision on was mainly dated after the deferred period doesn't necessarily mean that Mr C's claim was inevitably bound to fail. It's not impossible for evidence dated outside the deferred period to demonstrate a likelihood of incapacity within the deferred period and/or there may be circumstances where I'd consider it fair and reasonable for an insurer to postpone the start of the deferred period. Overall, given the circumstances here, I don't think any clearer explanation from L&G about the deferred period and how this worked is likely to have allowed Mr C to obtain additional medical evidence which would change things.

However, I do think L&G could have given Mr C a clearer explanation about what evidence it was considering, and about why it didn't request his GP records when he was told during the interview with the Vocational Clinical Specialist that this would happen. I also note L&G initially told Mr C it considered him fit to return to work when the available medical evidence at the time didn't necessarily support such a conclusion.

I think it would be fair and reasonable in the circumstances for L&G to pay Mr C £150 compensation for the impact of these errors on him.

I realise this won't be the outcome Mr C was hoping for. I'm sorry to disappoint him and I wish him well for the future.

Putting things right

Legal and General Assurance Society Limited needs to put things right by paying Mr C £150 compensation for the distress and inconvenience he experienced.

Legal and General Assurance Society Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.¹

My final decision

I'm upholding Mr C's complaint about Legal and General Assurance Society Limited in part,

¹ If Legal and General Assurance Society Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it has taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

and I direct it to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 January 2026.

Leah Nagle
Ombudsman